

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7531**

**BILL NUMBER: SB 331**

**NOTE PREPARED:** Jan 18, 2003

**BILL AMENDED:**

**SUBJECT:** Medicaid Lien Recovery.

**FIRST AUTHOR:** Sen. Miller

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X

**GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

X

**Summary of Legislation:** This bill removes a provision that prohibits the Office of Medicaid Policy and Planning from: (1) obtaining a lien against a person lawfully residing in the home of a Medicaid recipient who provides care to the recipient in the home; and (2) enforcing a lien if the Medicaid recipient is survived by a family member. The bill removes a provision that automatically terminates a lien if the Office does not commence foreclosure within nine months after the Medicaid recipient's death.

The bill also changes the lien exemption from \$125,000 to \$50,000. The bill also repeals the portion of the Medicaid law that provides for subordination of the lien to the security interest of a financial institution that lends money for certain purposes.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** This bill would expand the available situations under which the Office of Medicaid Policy and Planning (OMPP) may obtain a lien on the real property of a Medicaid recipient who is institutionalized and unlikely to return to live in the home.

OMPP does not have an estimate of the fiscal impact of the decrease in the lien exemption on the real estate assets of recipients but has indicated that savings would be anticipated to be more than the \$450,000 (\$171,000 in state funds) estimated for the current \$125,000 exemption level, but less than the \$2.7 M (\$1 M in state funds) associated with the estimate for no exemption.

Medicaid reported last year that the average value of real estate owned by institutionalized recipients with no spouse at home was approximately \$52,000.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration, Office of Medicaid Policy and Planning.

**Local Agencies Affected:** County Recorders.

**Information Sources:** Donna Sembroski, Family and Social Services Administration, Office of General Counsel, (317) 232-1282.

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